

2005 DRAFTING REQUEST

Senate Substitute Amendment (SSA-SB(LRBx3688/1))

Received: **12/13/2005**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Ted Kanavas (608) 266-9174**

By/Representing: **mike**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Other - sales**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Kanavas@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Sales and use tax exemption for Internet equipment used in the broadband market

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 12/13/2005	jdyer 12/13/2005		_____			
/1			pgreensl 12/13/2005	_____	lemery 12/13/2005	lemery 12/13/2005	
/2	jkreye 12/27/2005	jdyer 12/29/2005	chaugen 12/29/2005	_____	lnorthro 12/29/2005	lnorthro 12/29/2005	

FE Sent For:

<END>

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/?	jkreye	1/13 jld	12/13	12/13			

FE Sent For:

<END>

Kreye, Joseph

From: Richards, Mike
Sent: Tuesday, December 13, 2005 1:20 PM
To: Sundberg, Christopher; Kreye, Joseph
Cc: Raschka, Adam
Subject: LRB 3688

Greetings,

Rep. Phil Montgomery's office is going to do a companion to our LRB 3688 relating to broadband. Adam Raschka from his office will be calling you to get that. It is ok from our end. Also, what is the status of the substitute amendment with the straight exemption? I am wondering because Rep. Montgomery will likely have a committee hearing on January 3rd for this bill. Thanks a bunch.

Mike Richards

Michael D. Richards

Michael D. Richards
Office of State Senator Ted Kanavas
State Capitol, Room 10 South
Madison, WI 53707-7882
608-266-9174

LPS- check auto
refs please

504/14/11
Stays
CTS

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SSA
SB (LRB-3688/1)

in 12-13-05

due Mon. 12-19
D-N

Regen

1 AN ACT *to create* 77.51 (6m) and 77.54 (48) of the statutes; **relating to:** a sales
2 and use tax exemption for Internet equipment that is used in the broadband
3 market.

Analysis by the Legislative Reference Bureau

This bill creates a sales and use tax exemption for Internet equipment that is used in the broadband market. To take advantage of the exemption, the purchaser must certify to the Department of Revenue that he or she will, within 24 months after the effective date of this bill, make an investment that is reasonably calculated to increase Internet availability in this state and in an amount equal to 20 percent of the amount the purchaser would have paid in sales and use taxes for the equipment during the 12-month period beginning on the effective date of this bill.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

4 SECTION 1. 77.51 (6m) of the statutes is created to read:

1 77.51 (6m) For purposes of s. 77.54 (48), "Internet equipment used in the
2 broadband market" means equipment that is capable of transmitting data packets
3 or Internet signals at speeds of at least 200 kilobits per second in either direction.

4 **SECTION 2.** 77.54 (48) of the statutes is created to read:

5 77.54 (48) (a) The gross receipts from the sale of and the storage, use, or other
6 consumption of Internet equipment used in the broadband market, if the purchaser
7 certifies to the department of ~~revenue~~ ^{commerce}, in the manner prescribed by the department,
8 that the purchaser will, within 24 months after the effective date of this paragraph
9 [revisor inserts date], make an investment that is reasonably calculated to
10 increase Internet availability in this state and in an amount equal to 20 percent of
11 the amount the purchaser would have paid in taxes imposed under this subchapter
12 for Internet equipment used in the broadband market during the 12-month period
13 beginning on the effective date of this paragraph [revisor inserts date].

14 (b) Every person who is required to make the investment under par. (a) shall,
15 within 60 days after the end of the year in which the investment is made, file a report
16 with the department of administration that provides a detailed description of the
17 investment, including the amount invested.

18 **SECTION 3. Effective date.**

19 (1) This act takes effect on the first day of the 2nd month beginning after
20 publication.

21 ✓ (END)

INSERT 2-17B

✓ INSERT
2-17A

d-note
↓

2005 BILL

1 **AN ACT** *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)
2 (a) 10. and 77.92 (4); and *to create* 71.07 (5e), 71.10 (4) (gy), 71.28 (5e), 71.30
3 (3) (es), 71.47 (5e) and 71.49 (1) (es) of the statutes; **relating to:** an income and
4 franchise tax credit for sales and use taxes paid on the purchase of Internet
5 equipment used in the broadband market.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for Internet equipment used in the broadband market. The amount of the credit is equal to the the amount of sales and use taxes that the taxpayer paid in the taxable year on the purchase of Internet equipment used in the broadband market to provide Internet availability to areas of the state that are not served by a broadband service provider or are served by not more than one broadband service provider, as determined by the Department of Commerce (department). The total amount of the credits that may be claimed by all taxpayers is \$7,500,000. A taxpayer may only claim the credit if the taxpayer certifies to the department that the taxpayer will, within 24 months from the bill's effective date, make an investment that is reasonable calculated to increase Internet availability in this state and in an amount equal to at least 20 percent of the amount of the sales and use taxes that the taxpayer paid during the 12-month period beginning on the bill's effective date on the purchase of Internet equipment used in the broadband market.

BILL

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:

71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), ~~and (5d), and (5e)~~ and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

SECTION 2. 71.07 (5e) of the statutes is created to read:

71.07 **(5e)** INTERNET EQUIPMENT CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection.

2. "Internet equipment used in the broadband market" means equipment that is capable of transmitting data packets or Internet signals at speeds of at least 200 kilobits per second in either direction.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the taxes imposed under ss. 71.02 and 71.08, up to the amount of those taxes, an amount that is equal to the amount of the taxes imposed under subchs. III and V of ch. 77 that the claimant paid in the taxable year on the purchase of Internet equipment used in the broadband market to provide Internet availability to areas of the state that are not served by a broadband service provider or are served by not more than one broadband service provider, as determined by the department of commerce.

BILL

1 (c) *Limitations.* 1. No credit may be allowed under this subsection unless the
2 claimant certifies to the department of commerce, in the manner prescribed by the
3 department, that the claimant will, within 24 months after the effective date of this
4 subdivision [revisor inserts date], make an investment that is reasonably
5 calculated to increase Internet availability in this state and in an amount equal to
6 at least 20 percent of the amount the claimant paid in taxes imposed under subchs.
7 III and V of ch. 77 on the purchase of Internet equipment used in the broadband
8 market during the 12-month period beginning on the effective date of this
9 subdivision [revisor inserts date]. The claimant shall, within 60 days after the end
10 of the year in which the investment is made, file a report with the department of
11 administration that provides a detailed description of the investment, including the
12 amount invested. The department of administration shall provide copies of the
13 report to the department of commerce, the department of revenue, and the public
14 service commission.

15 2. Partnerships, limited liability companies, and tax-option corporations may
16 not claim the credit under this subsection, but the eligibility for, and the amount of,
17 the credit are based on their payment of the amounts described under par. (b). A
18 partnership, limited liability company, or tax-option corporation shall compute the
19 amount of credit that each of its partners, members, or shareholders may claim and
20 shall provide that information to each of them. Partners, members of limited liability
21 companies, and shareholders of tax-option corporations may claim the credit in
22 proportion to their ownership interests.

23 3. The total amount of the credits that may be claimed by all claimants under
24 this subsection and ss. 71.28 (5e) and 71.47 (5e) is \$7,500,000, as determined by the
25 department of commerce.

BILL**SECTION 2**

1 (d) *Administration*. Section 71.28 (4) (e) to (h), as it applies to the credit under
2 s. 71.28 (4), applies to the credit under this subsection.

3 **SECTION 3.** 71.10 (4) (gy) of the statutes is created to read:

4 71.10 (4) (gy) Internet equipment credit under s. 71.07 (5e).

5 **SECTION 4.** 71.21 (4) of the statutes is amended to read:

6 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
7 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), and (5b), and (5e) and passed
8 through to partners shall be added to the partnership's income.

9 **SECTION 5.** 71.26 (2) (a) of the statutes is amended to read:

10 71.26 (2) (a) *Corporations in general*. The "net income" of a corporation means
11 the gross income as computed under the Internal Revenue Code as modified under
12 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
13 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
14 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
15 under this paragraph at the time that the taxpayer first claimed the credit plus the
16 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
17 (1ds), (1dx), (3g), (3n), (3t), and (5b), and (5e) and not passed through by a
18 partnership, limited liability company, or tax-option corporation that has added that
19 amount to the partnership's, limited liability company's, or tax-option corporation's
20 income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or
21 other disposition of assets the gain from which would be wholly exempt income, as
22 defined in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and
23 minus deductions, as computed under the Internal Revenue Code as modified under
24 sub. (3), plus or minus, as appropriate, an amount equal to the difference between
25 the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or

BILL

1 otherwise disposed of in a taxable transaction during the taxable year, except as
2 provided in par. (b) and s. 71.45 (2) and (5).

3 **SECTION 6.** 71.28 (5e) of the statutes is created to read:

4 **71.28 (5e) INTERNET EQUIPMENT CREDIT.** (a) *Definitions.* In this subsection:

5 1. "Claimant" means a person who files a claim under this subsection.

6 2. "Internet equipment used in the broadband market" means equipment that
7 is capable of transmitting data packets or Internet signals at speeds of at least 200
8 kilobits per second in either direction.

9 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
10 claimant may claim as a credit against the taxes imposed under s. 71.23, up to the
11 amount of those taxes, an amount that is equal to the amount of the taxes imposed
12 under subchs. III and V of ch. 77 that the claimant paid in the taxable year on the
13 purchase of Internet equipment used in the broadband market to provide Internet
14 availability to areas of the state that are not served by a broadband service provider
15 or are served by not more than one broadband service provider, as determined by the
16 department of commerce.

17 (c) *Limitations.* 1. No credit may be allowed under this subsection unless the
18 claimant certifies to the department of commerce, in the manner prescribed by the
19 department, that the claimant will, within 24 months after the effective date of this
20 subdivision [revisor inserts date], make an investment that is reasonably
21 calculated to increase Internet availability in this state and in an amount equal to
22 at least 20 percent of the amount the claimant paid in taxes imposed under subchs.
23 III and V of ch. 77 on the purchase of Internet equipment used in the broadband
24 market during the 12-month period beginning on the effective date of this
25 subdivision [revisor inserts date]. The claimant shall, within 60 days after the end

BILL**SECTION 6**

1 of the year in which the investment is made, file a report with the department of
2 administration that provides a detailed description of the investment, including the
3 amount invested. The department of administration shall provide copies of the
4 report to the department of commerce, the department of revenue, and the public
5 service commission.

6 2. Partnerships, limited liability companies, and tax-option corporations may
7 not claim the credit under this subsection, but the eligibility for, and the amount of,
8 the credit are based on their payment of the amounts described under par. (b). A
9 partnership, limited liability company, or tax-option corporation shall compute the
10 amount of credit that each of its partners, members, or shareholders may claim and
11 shall provide that information to each of them. Partners, members of limited liability
12 companies, and shareholders of tax-option corporations may claim the credit in
13 proportion to their ownership interests.

14 3. The total amount of the credits that may be claimed by all claimants under
15 this subsection and ss. 71.07 (5e) and 71.47 (5e) is \$7,500,000, as determined by the
16 department of commerce.

17 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under
18 sub. (4), applies to the credit under this subsection.

19 **SECTION 7.** 71.30 (3) (es) of the statutes is created to read:

20 71.30 (3) (es) Internet equipment credit under s. 71.28 (5e).

21 **SECTION 8.** 71.34 (1) (g) of the statutes is amended to read:

22 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
23 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
24 (3n), (3t), and (5b), and (5e) and passed through to shareholders.

25 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

BILL

1 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
2 computed under s. 71.47 (1dd) to (1dx), (3n), ~~and (5b), and (5e)~~ and not passed
3 through by a partnership, limited liability company, or tax-option corporation that
4 has added that amount to the partnership's, limited liability company's, or
5 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of
6 credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

7 **SECTION 10.** 71.47 (5e) of the statutes is created to read:

8 71.47 (5e) INTERNET EQUIPMENT CREDIT. (a) *Definitions.* In this subsection:

9 1. "Claimant" means a person who files a claim under this subsection.

10 2. "Internet equipment used in the broadband market" means equipment that
11 is capable of transmitting data packets or Internet signals at speeds of at least 200
12 kilobits per second in either direction.

13 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
14 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the
15 amount of those taxes, an amount that is equal to the amount of the taxes imposed
16 under subchs. III and V of ch. 77 that the claimant paid in the taxable year on the
17 purchase of Internet equipment used in the broadband market to provide Internet
18 availability to areas of the state that are not served by a broadband service provider
19 or are served by not more than one broadband service provider, as determined by the
20 department of commerce.

21 (c) *Limitations.* 1. No credit may be allowed under this subsection unless the
22 claimant certifies to the department of commerce, in the manner prescribed by the
23 department, that the claimant will, within 24 months after the effective date of this
24 subdivision ... [revisor inserts date], make an investment that is reasonably
25 calculated to increase Internet availability in this state and in an amount equal to

BILL**SECTION 10**

1 at least 20 percent of the amount the claimant paid in taxes imposed under subchs.
2 III and V of ch. 77 on the purchase of Internet equipment used in the broadband
3 market during the 12-month period beginning on the effective date of this
4 subdivision [revisor inserts date]. The claimant shall, within 60 days after the end
5 of the year in which the investment is made, file a report with the department of
6 administration that provides a detailed description of the investment, including the
7 amount invested. The department of administration shall provide copies of the
8 report to the department of commerce, the department of revenue, and the public
9 service commission.

10 2. Partnerships, limited liability companies, and tax-option corporations may
11 not claim the credit under this subsection, but the eligibility for, and the amount of,
12 the credit are based on their payment of the amounts described under par. (b). A
13 partnership, limited liability company, or tax-option corporation shall compute the
14 amount of credit that each of its partners, members, or shareholders may claim and
15 shall provide that information to each of them. Partners, members of limited liability
16 companies, and shareholders of tax-option corporations may claim the credit in
17 proportion to their ownership interests.

18 3. The total amount of the credits that may be claimed by all claimants under
19 this subsection and ss. 71.07 (5e) and 71.28 (5e) is \$7,500,000, as determined by the
20 department of commerce.

21 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
22 s. 71.28 (4), applies to the credit under this subsection.

23 **SECTION 11.** 71.49 (1) (es) of the statutes is created to read:

24 71.49 (1) (es) Internet equipment credit under s. 71.47 (5e).

25 **SECTION 12.** 77.92 (4) of the statutes is amended to read:

BILL

77.92 (4) "Net business income," with respect to a partnership, means taxable income as calculated under section 703 of the Internal Revenue Code; plus the items of income and gain under section 702 of the Internal Revenue Code, including taxable state and municipal bond interest and excluding nontaxable interest income or dividend income from federal government obligations; minus the items of loss and deduction under section 702 of the Internal Revenue Code, except items that are not deductible under s. 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), ~~and (5b), and (5e)~~; and plus or minus, as appropriate, transitional adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain, loss, and deductions from farming. "Net business income," with respect to a natural person, estate, or trust, means profit from a trade or business for federal income tax purposes and includes net income derived as an employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

SECTION 13. Nonstatutory provisions.

(1) INTERNET EQUIPMENT ~~CREDIT~~ PROGRAM. *EXEMPTION ← (CS)*

(a) Not later than 30 days after the effective date of this subsection, the department of commerce shall implement a program for certifying businesses as eligible for ~~tax credits~~ under sections ~~71.07 (5e), 71.28 (5e), and 71.47 (5e)~~ of the statutes. *the rules and use tax exemption 77.5442(a)*

(b) If the department of commerce certifies a business as eligible under paragraph (a), the department shall determine the maximum amount of ~~tax credits~~ *a.r.* the business may claim, subject to paragraph (c). The department of commerce may not *not* allocate ~~tax credits~~ *a.r.* to a business unless the allocation of ~~tax credits~~ *a.r.* to the *exemptions* *the exemptions*

BILL

SECTION 13

1 business is likely to increase the availability of Internet service in an area of this
2 state that lacks adequate service, as determined by the department. The total
3 amount of tax ~~credits~~ ^{exemptions} allocated to all eligible businesses may not exceed \$7,500,000.
4 The department of commerce shall complete the certifications and determinations
5 under this paragraph and paragraph (a) ^{a.r.} not later than the first day of the 7th month
6 after the effective date of this subsection.

7 (c) Not later than 10 days after the department of commerce completes the
8 certifications and determinations under paragraphs (a) and (b), ^{a.r.} the department of
9 commerce shall submit to the joint committee on finance a report identifying the
10 businesses certified under this subsection and the maximum amount of ^{the} tax ~~credits~~ ^{exemptions}
11 each business may claim. If the cochairpersons of the committee do not notify the
12 department of commerce within 14 working days after the department of commerce
13 submits the report that the committee has scheduled a meeting to review the
14 department of commerce's certifications and determinations, the department of
15 commerce shall notify the department of revenue of the department of commerce's
16 certifications and determination. If, within 14 working days after the department
17 of commerce submits the report, the cochairpersons of the committee notify the
18 department of commerce that the committee has scheduled a meeting to review the
19 proposal, the department of commerce may not notify the department of revenue of
20 the department of commerce's certifications and determinations unless one of the
21 following is true:

22 1. The committee approves the department of commerce's certifications and
23 determinations.

BILL

INS 2-17B
cont

1 2. The committee does not hold a meeting to review the proposal within 30 days
2 after the cochairpersons notify the department of commerce that a meeting has been
3 scheduled.

4 (d) Notwithstanding section 227.24 of the statutes, the department of
5 commerce may promulgate emergency rules necessary to administer this subsection.
6 Notwithstanding section 227.24 (1) (c) and (2) of the statutes, emergency rules
7 promulgated under this subsection remain in effect until the department of
8 commerce notifies the department of revenue of the department of commerce's
9 certifications and determinations, or the first day of the 13th month after the
10 effective date of this subsection, whichever is sooner. Notwithstanding section
11 227.24 (1) (a) and (3) of the statutes, the department of commerce is not required to
12 provide evidence that promulgating a rule under this subsection as an emergency
13 rule is necessary for the preservation of the public peace, health, safety, or welfare
14 and is not required to provide a finding of emergency for a rule promulgated under
15 this subsection.

end of 2-17B

SECTION 14. Initial applicability.

16
17 (1) This act first applies to taxable years beginning on January 1 of the year
18 in which this subsection takes effect, except that if this subsection takes effect after
19 July 31 this act first applies to taxable years beginning on January 1 of the year
20 following the year in which this subsection takes effect.

(END)

LRB

Legal (608-266-3561)

LRB

504/4/1/24
VZ: jld

Kanavas
Senator Kanavas:

LPS:
intent component

✓



DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBs0414/1dn
JK:jld:pg

December 13, 2005

Senator Kanavas:

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

Kreye, Joseph

From: Richards, Mike
Sent: Friday, December 23, 2005 10:38 AM
To: Kreye, Joseph
Cc: Rep.Montgomery; Raschka, Adam
Subject: Changes to LRBs 0414/1

To: Joseph Kreye, Legislative Attorney
From: Michael Richards, Aide to Senator Ted Kanavas
Cc: Representative Phil Montgomery and Adam Raschka
Date: Friday, December 23, 2005
Re: LRB s0414/1—Substitute Amendment to Broadband Tax Credit

The purpose of this memorandum is to provide you with some changes that need to be made to LRB s0414/1 in an effort to retain our earlier stated intent. There are a few changes that seem minor; however, their overall impact is significant.

On page 2, line 2 of the draft we want to insert the word broadband before "Internet availability." The way that it is currently drafted, it only states that the investment needs to be made to increase Internet availability. Dial-up connections are significantly different than broadband, which is our intent. Therefore, the insertion of broadband in this line is crucial.

On page 2, lines 9-11 of the draft we want to have the report first submitted to the Department of Commerce, and in turn Commerce will provide copies to the Departments of Administration and Revenue as well as the Public Service Commission.

On page 2, line 23 of the draft we want to insert the word broadband in the draft before the words Internet service. Again, we want to ensure that we are differentiating between broadband service and dial-up connections.

On page 2, line 24 of the draft we want to provide the Department of Commerce with some leeway in relation to emergency rules. However, we also want to ensure that when they provide the exemptions that they should do so by granting the exemptions to areas that have one or fewer broadband service providers in a given area. Commerce can determine what those areas are in their rules, but we want to the one or fewer language in this draft. That language was in the initial draft, LRB 3688/1 on page 5, lines 14-16. It states in that draft that, "...availability to areas of the state that are not served by a broadband service provider or are served by not more than one broadband service provider, as determined by the department of commerce."

It is my hope that these changes make sense. Please contact me should you have any questions or comments regarding the above changes.

Happy Holidays.

Michael D. Richards

Michael D. Richards
Office of State Senator Ted Kanavas
State Capitol, Room 10 South
Madison, WI 53707-7882
608-266-9174

Kreye, Joseph

From: Richards, Mike
Sent: Tuesday, December 27, 2005 1:08 PM
To: Kreye, Joseph
Cc: Raschka, Adam
Subject: Substitute Amendment to Broadband Draft

Joe,

We would also like to change on page 2 of LRB 0414, line 2--...in an amount NOT LESS THAN 20 %.

Thanks

Michael D. Richards

Michael D. Richards
Office of State Senator Ted Kanavas
State Capitol, Room 10 South
Madison, WI 53707-7882
608-266-9174



State of Wisconsin
2005 - 2006 LEGISLATURE

LRBs0414/1
JK&CTS:jld:pg

2
RMR

SENATE SUBSTITUTE AMENDMENT ,
TO 2005 SENATE BILL (LRB-3688/1)

in 12-27-05
SOON

Regen

1 AN ACT *to create* 77.51 (6m) and 77.54 (48) of the statutes; **relating to:** a sales
2 and use tax exemption for Internet equipment that is used in the broadband
3 market.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

4 SECTION 1. 77.51 (6m) of the statutes is created to read:

5 77.51 (6m) For purposes of s. 77.54 (48), "Internet equipment used in the
6 broadband market" means equipment that is capable of transmitting data packets
7 or Internet signals at speeds of at least 200 kilobits per second in either direction.

8 SECTION 2. 77.54 (48) of the statutes is created to read:

9 77.54 (48) (a) The gross receipts from the sale of and the storage, use, or other
10 consumption of Internet equipment used in the broadband market, if the purchaser
11 certifies to the department of commerce, [✓] in the manner prescribed by the
12 department, that the purchaser will, within 24 months after the effective date of this

1 paragraph [revisor inserts date], make an investment that is reasonably
2 calculated to increase Internet availability in this state and in an amount equal to
3 20 percent of the amount the purchaser would have paid in taxes imposed under this
4 subchapter for Internet equipment used in the broadband market during the
5 12-month period beginning on the effective date of this paragraph [revisor inserts
6 date].

7 (b) Every person who is required to make the investment under par. (a) shall,
8 within 60 days after the end of the year in which the investment is made, file a report
9 with the department of ~~administration~~ ^{commerce} that provides a detailed description of the
10 investment, including the amount invested. The department of ~~administration~~ ^{commerce} shall
11 provide copies of the report to the department of ~~commerce~~ ^{revenue}, the department of
12 revenue, and the public service commission.

13 SECTION 3. Nonstatutory provisions.

14 (1) INTERNET EQUIPMENT EXEMPTION PROGRAM.

15 (a) Not later than 30 days after the effective date of this subsection, the
16 department of commerce shall implement a program for certifying businesses as
17 eligible for the sales and use tax exemptions under section 77.54 (48) (a) of the
18 statutes.

19 (b) If the department of commerce certifies a business as eligible under
20 paragraph (a), the department shall determine the maximum amount of the
21 exemption that the business may claim, subject to paragraph (c). The department
22 of commerce may not allocate tax exemptions to a business unless the allocation of
23 the exemptions to the business is likely to increase the availability of Internet service
24 ^{in an area} of this state that ~~lacks adequate service~~ ^{is not served by a broadband Internet service provider} as determined by the department.

25 The total amount of tax exemptions under section 77.54 (48) (a) of the statutes

are not served by a broadband Internet service provider or are
served by not more than one broadband Internet service provider

1 allocated to all eligible businesses may not exceed \$7,500,000. The department of
2 commerce shall complete the certifications and determinations under this
3 paragraph and paragraph (a) not later than the first day of the 7th month after the
4 effective date of this subsection.

5 (c) Not later than 10 days after the department of commerce completes the
6 certifications and determinations under paragraphs (a) and (b), the department of
7 commerce shall submit to the joint committee on finance a report identifying the
8 businesses certified under this subsection and the maximum amount of the tax
9 exemptions each business may claim. If the cochairpersons of the committee do not
10 notify the department of commerce within 14 working days after the department of
11 commerce submits the report that the committee has scheduled a meeting to review
12 the department of commerce's certifications and determinations, the department of
13 commerce shall notify the department of revenue of the department of commerce's
14 certifications and determination. If, within 14 working days after the department
15 of commerce submits the report, the cochairpersons of the committee notify the
16 department of commerce that the committee has scheduled a meeting to review the
17 proposal, the department of commerce may not notify the department of revenue of
18 the department of commerce's certifications and determinations unless one of the
19 following is true:

20 1. The committee approves the department of commerce's certifications and
21 determinations.

22 2. The committee does not hold a meeting to review the proposal within 30 days
23 after the cochairpersons notify the department of commerce that a meeting has been
24 scheduled.

1 (d) Notwithstanding section 227.24 of the statutes, the department of
2 commerce may promulgate emergency rules necessary to administer this subsection.
3 Notwithstanding section 227.24 (1) (c) and (2) of the statutes, emergency rules
4 promulgated under this subsection remain in effect until the department of
5 commerce notifies the department of revenue of the department of commerce's
6 certifications and determinations, or the first day of the 13th month after the
7 effective date of this subsection, whichever is sooner. Notwithstanding section
8 227.24 (1) (a) and (3) of the statutes, the department of commerce is not required to
9 provide evidence that promulgating a rule under this subsection as an emergency
10 rule is necessary for the preservation of the public peace, health, safety, or welfare
11 and is not required to provide a finding of emergency for a rule promulgated under
12 this subsection.

13 **SECTION 4. Effective date.**

14 (1) This act takes effect on the first day of the 2nd month beginning after
15 publication.

16 (END)